

# Commonwealth of Virginia

## Tax-Sheltered Annuities (403(b) and 401(a))

Tax-sheltered Annuity products are supported through payroll deductions for employees at higher educational institutions and are processed through the Commonwealth Integrated Payroll/Personnel System (CIPPS).

The Commonwealth does not sponsor the products offered under Tax-sheltered Annuity program. The program is intended to benefit employees by providing payroll deduction services for commercially available products among a "network" of independent vendors.

Salaried employees receive Cash Match contributions on paydays in which they receive a salaried paycheck and make a contribution to a 403(b) (i.e., tax-sheltered annuity). The cash match amount is 50 percent of the 403(b) contribution, up to the amount authorized in the Fiscal Year Appropriations Act (FY 2005 limits will be \$20 semi-monthly and \$40 monthly, respectively). Accelerated or catch-up contributions are not permitted in order to reach the maximum annual Cash Match. An employee may make one (1) change of participating vendor company annually.

**Administrative fees** are charged to fund the consolidated billing process, as the Commonwealth does not sponsor the tax-sheltered annuities for which deductions take place. In many cases, the Provider pays the administrative fee on behalf of the employee. When the vendor does not pay the administrative fee, the fee is charged to the employee and is taken through payroll deduction.

### Commonwealth of Virginia Provider Network:

In order to participate in payroll withholdings for tax-sheltered annuities, the vendor must be active in the FBMC Provider Network. A list of eligible providers and contact information, with a notation regarding the requirement of an employee-deducted fee, can be found at the Virginia Provider Network website at [www.fbmc-benefits.com/vaproviders](http://www.fbmc-benefits.com/vaproviders).

#### As an eligible employee, you must:

- 1) Complete necessary paperwork required by the agent
- 2) Confirm approval by the vendor for the tax-sheltered annuity.
- 3) You and the provider agent must complete the necessary salary reduction agreement form located at: <http://www.doa.virginia.gov/procedures/payroll/tpa/tpahtm.htm>
- 4) You must also complete the Cash Match Agreement form and submit to your Payroll Officer
- 5) The provider agent will submit the completed salary reduction form to FBMC
- 6) FBMC will communicate to your employing agency to begin withholding contributions to your annuity through payroll. **Your employing agency CANNOT establish a payroll deduction upon your direct request. The authorization must be provided by FBMC.**
- 7) ONE payroll deduction shall be provided for ALL tax-sheltered annuity withholdings. Therefore, if you participate with more than one product/provider, the combined deductions amount will be shown on your pay stub as PRE TAX.



**If you have questions concerning deduction amounts or the timing of your payroll deduction, contact:**

FBMC at 1-800-342-8017 or [webcustomerservice@fbmc-benefits.com](mailto:webcustomerservice@fbmc-benefits.com).

**Questions related to your *tax-sheltered annuity* must be directed to the provider company.**